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THE DIRECTOR OF
CENTRAL INTELLIGENCE

[redacted]

National Intelligence Council

Bob -

This is terrific.

Thom

[redacted]

[redacted]

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DDI #00586-85

1 February 1985

NOTE TO: Douglas MacEachin
Director, SOVA

FROM : Deputy Director for Intelligence

SUBJECT: New Areas of Research on the Soviet Economy: Part II

1. As I have continued to think about the issue cited in my previous memorandum for further research, it has occurred to me that the issue is really much larger and gets at the question of essentially economic net assessment. It seems to me that one of the shortcomings of our work on the Soviet economy is that we measure Soviet performance against Soviet objectives and past Soviet performance. This gives us a good picture of how the Soviets are doing relative to their past and to their own standards but does not give us any sense at all of how the Soviets are performing relative to the developed countries in the West and Japan -- while, in fact, they are lagging further and further behind. (S)

2. To take one area, for example, I've read that the percentage of GNP the USSR devotes to health care has declined since the early 1970s from 2.6 to 2.3 %. This is at a time when the percentage of GNP devoted to health care in the West has accelerated from about 3% to well into the double digits during the same period of time. Additionally, there is a considerable amount of anecdotal information -- including Brezhnev's own treatment -- suggesting that when the Soviets need high quality sophisticated medical care they turn to the West for help. What one seems to see here is an accelerating divergence in the quality of medical care available in the Soviet Union and in the West. Similarly, what about the statistics that several communicable diseases such as whooping cough are fairly widespread in the Soviet Union. Health care obviously is only one area of social development but at some point diverging performance of two different societies in an area of this kind is not irrelevant for their perception of their own position in the world and of the efficacy of their own system. I am sure there are others as well. (S)

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3. Some of the issues that you might wish to address in this same respect are some of the questions tackled in the 1982 paper "Soviet Society in the 1980s", including crime and corruption, youth alienation, family and the role of women, alcoholism and so on. I leave it to you whether the nationality issue has some relevance in connection with what we are discussing. (S)

4. It is in this connection that it seems to me, per my earlier memo, that further work on the level of technology widely available in the Soviet society should be done (and, perhaps most important, compared to comparable trends in the West). There are other areas of economic and social life where comparative trends between East and West could yield us important, indeed, strategically vital insight into the perception of the overall directions of these two societies and how they perceive their own future (or at least how their elites may perceive these futures). (S)

5. It is the broader aspects of this problem and the whole issue of economic and social net assessments that I believe we have neglected in favor of more traditional work that has essentially focused on looking at the Soviet economy in an international vacuum. This is the issue that I would like for you to address in trying to develop a new element of SOVA's research program that both would stand on its own as well as how aspects of this problem can be integrated into papers already on SOVA's research program. It seems to me that both OSWR and OGI will become important elements of this kind of work. (S)

6. I suggest you consult with some outside specialists as well as [redacted] and perhaps some of their people and come back to me by the 1st of March (rather than the first week in February) with some proposals on how we can tackle this subject in a disciplined yet broad scale manner. (S) 25X1

RG

Robert M. Gates

cc: D/OSWR
D/OGI

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